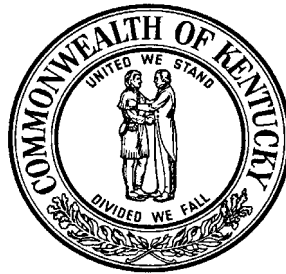


**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AGREED-UPON PROCEDURES ENGAGEMENT  
OF THE  
PERRY COUNTY  
PROPERTY VALUATION ADMINISTRATOR**

**For The Period July 1, 2004  
Through June 30, 2005**



**CRIT LUALLEN  
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CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

Independent Accountant's Report

John R. Farris, Secretary, Finance and Administration Cabinet  
The Honorable John Frank Gross  
Perry County Property Valuation Administrator  
Hazard, Kentucky 41701

We have performed the procedures enumerated below, which were agreed to by the Perry County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period July 1, 2004 through June 30, 2005. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Perry County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (June 30, 2005), to determine if amounts are accurate.

Finding -

The PVA maintains a combined receipts and disbursements ledger but monthly reconciliations are not prepared on a consistent basis. We recommend that the PVA reconcile the bank balance to book balance for all accounts each month.

*PVA's Response - Has been done in the past; has not been caught up.*



John R. Farris, Secretary, Finance and Administration Cabinet  
The Honorable John Frank Gross  
Perry County Property Valuation Administrator  
(Continued)

2. Procedure -

Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

Recorded city receipts corresponded to the confirmed payment amounts obtained from city governments. List of city receipts was reviewed and found complete.

3. Procedure -

Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

Auditor agreed budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue and traced those amounts from the fiscal court account to the PVA's local bank account.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

Auditor determined that the disbursements amounts selected agreed to cancelled checks, paid invoices or other supporting documentation and appeared to be for official business. The PVA does not have a credit card at this time.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Capital outlay disbursement listed on approved budget agreed with cancelled check, supporting documentation and proper purchasing procedure. Location of asset was verified. Asset was not added to the PVA's Capital Asset Inventory List since the actual cost did not exceed \$5,000.

John R. Farris, Secretary, Finance and Administration Cabinet  
The Honorable John Frank Gross  
Perry County Property Valuation Administrator  
(Continued)

6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

Auditor could not complete this test since PVA could not provide us with a copy of the service contract. We recommend that the PVA maintain copies of all lease agreements, personal or professional service contracts.

*PVA's Response - Beleon has been contacted and contract will be gotten.*

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

Auditor was unable to perform this test due to the PVA not correctly categorizing disbursements. The disbursements ledger lists a general heading that could correspond with several budget account series. Also the disbursements ledger only listed expenditures from one bank account. We recommend that the PVA categorize expenditures according to the line items listed in the approved budget and that the disbursements ledger include expenditures from all bank accounts.

*PVA's Response - New employee prepared ledger; will be corrected in future.*

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

Auditor determined that collateral is not necessary for the PVA's funds and therefore a collateral agreement is not necessary.

John R. Farris, Secretary, Finance and Administration Cabinet  
The Honorable John Frank Gross  
Perry County Property Valuation Administrator  
(Continued)

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

Attendance records are completed, maintained and faxed to the Revenue Cabinet bi-weekly. However, the PVA does not have daily timesheets to support the hours worked. We recommend the PVA require all employees to maintain timesheets. These timesheets should be prepared and signed by the employee and reviewed, approved, and signed by their supervisor before being submitted for payroll processing.

*PVA's Response - These are new regulations by the Kentucky Revenue Cabinet. They are being done now.*

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the PVA and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

Engagement fieldwork completed -  
June 26, 2006

